II. THE ELECTRICITY REGULATORY COMMISSION BILL, 1998—Contd.

SHRI DIPANKAR MUKHERJEE (West Bengal): Sir, yesterday, I moved the Resolution. I beg your permission to i quote from the speech of one of the Parliamentarians of this House, who is no more with us, Mr. Satish Agarwal. He died on the 10th September, 1997. Sir, his words, which I am quoting, I beg before you, should be treated as my argument while I am proposing this disapproving Resolution. This is from the Rajya Sabha proceedings of 19th March, 1997. I will be very brief, Sir. The speech is on the National Environment Appellate Authority Ordinance promulgated on 30th January, 1997.

This is from the 19th March, 1997 proceedings of the Rajya Sabha. I quote Mr. Satish Agarwal:

> "We have comdemned this Government for resorting to issuance of Ordinances which amounts to a gross violation of article 123 of the Constitution as well as the various directions given by the Chair from time to time regarding the issuance of Ordinances. Really it is very surprising that in this Budget Session, which is primarily meant for transacting financial business, we have to deal with legislative business and that too in the form of Ordinances and that too in such a hurried manner that we are not getting sufficient time to debate and discuss the provisions of these Bills in greater detail. Apart from that, the issuance of an Ordinance and its being replaced by a Bill deprives the Standing Committee of Parliament of its opportunity to debate the provisions of the Bill".

I think this is enough, Sir There is another one on Telecom Regulatory Authority on 20th March, 1997. Today we are discussing the Electricity Regulatory Commissions. It was on Telecom Regulatory Authority of India Ordinance, 1997 and I quote Mr. Satish Agarwal:

> "I am deadly opposed, since beginning, to governance through Orddinances. This Government is continuing with the practice of promulgating Ordinances as was the case in the earlier regime. In this Budget Session itself nearly 14 Ordinances have been issued. We are not finding enough time to discuss legislative business and it is the primary function of Parliament to legislate. That is ordinance raj.

Sir, this is the last one. I think this is the last and the memorable speech he had made just one month before his death. It was on 7th August, 1997. This was on the Presidential and Vice-Presidential Elections (Amendment) Bill, 1997. I quote:

> "Without making an elaborate speech, I wish to register my protest. Number one I am totally against Government Ordinances which this Government has been unfortunately resorting to during the last 14-15 months."

Sir, on this point Mr. Vijay Kumar Malhotra also spoke. Mr. Vijay Kumar Malhotra on 7th August, 1997 not even 7 months passed, made certain observations. I don't know why he is absent. I will quote. I don't want this to be objected to. I quote:

> "महोदय, मै कहना चाहता हूं कि ये आर्डिनेंस के तरीके से सरकार चला रहे है और आर्डिनेंस का तरीका बिल्कुल गलत है। आर्डिनेंस का तरीका बिल्कुल इस्तेमाल नहीं किया जाना चाहिए। हम इस तरीके के साफ है। यह गवर्नमेंट ऐसे मामलों पर भी आर्डिनेंस लाती है, जिसके लिए सालों-साल इनके पास होते है। तो एक तो हम यह आर्डिनेंस लाए का विरोध करते है।"

एकदम सही है, मल्होत्रा जी ने जो कहां मैं उसकों दोहराना नहीं चाहता हूं।

But the point is: Are we inconsistent? Is it that I am opposing this Ordinance of this - party? Or, are we opposing the Ordinance for the first time? No, Sir. You had been there. Mr. Chidambaram brought an Ordinance. Dr. Mitra had opposed it. A Transmission Ordinance was promulgated by the united Front Government. When the Bill was brought we opposed it. When we sought that it should go to the Standing Committee, who was running the Standing Committee? Mr. Jagmohan. I had the privilege to work with him. We had discussions. When it is five minutes to 7 o'clock all are -worried. Why should all this discussion go on? When I talk I don't want to be subjective. The fact is that these things are said here. I learnt Parliamentary domocracy from people like Mr. Satish Agarwal Dr. Ashok Mitra and Mr. Jagesh Desai. I have seen it. I appeal to the BJP Members, who were here for 3'/i years, if you want to pay tributes to Mr,, Satish Agarwal, if you really mean business, आपका चेहरा नहीं तो एकदम सामने आ जाएगा । आप बैठे है, बंगरू लक्ष्मण जी बैठे है, राजगोपाल जी बैठे है, जो लोग थे यहां । अब जो रूलिंग में आ गए है, उनकी बात मै नहीं कर रहा हूं । Who is converting whom? I am not saying anything personally. Who is converting whom? I can't tell Mr. Salve. We have been charging, I mean the BJP has been charging them with Ordinance raj. We cannot say this to Mr. Pranab Mukherjee. We cannot tell Shri Kumaramangalam. I will definitely ask other people, "Search your conscience". What^ credibility will this system have if everything is changed within eight months when you have changed over from here to there? Today you want this Bill to be passed -in half-an-hour. I heard that. Some people were saying that. What is this Ordinance for? Because of internal contradictions and external contradictions, before the Ordinance was converted into a Bill, you had made amendments. That means there is scope for rethinking whether it is right or wrong.

mechanism. We are against the way you are doing it. What is this? Why did you change it? What does Clause 17 say? You have given an option to the States that they may form a State Electricity Regulatory Commission or they may not form a State Electricity Regulatory Commission. It is left to the States. What is Clause 41 which you have included?; I can show the World Bank Supervision Commission Report. The same Bill was introduced in August 1997 when Shri Alagh was the Power Minister. That Bill did not include this clause. This was. for all the States. But so far as this Bill is concerned, you have excluded Haryana and Orissa. They will not be covered by this Ordinance or by this Bill. Why? I can quote the report of the World Bank Supervision Commission—I have got the papers, I have got the letters—which specifically mentions that the national legislation which was brought in August 1997— it was brought in September—does not cover the tariff the way the Electricity Commission covers in Orissa. So this should not be covered by this Bill.

Because of External compulsions you have now included Clause 41 which excludes Haryana and Orissa from this Bill. Because of your internal compulsions you have now made it optional for the States, whether to go in for it or not to go in for it. That what is left? What is left is only the Central Electricity Authority. What for is Parliament here? Sir, he is a very efficient Minister. I know him. When he was in the Congress Government, he was a very efficient Minister. You have the Central Electricity Authority. Can't they do this simple job of tariff fixing which it was doing? so there is absolutely no urgency for this Bill. The whole discussion can be over in five minutes, if the Government says right now on the spot, "Okay, let it go to the Standing Committee. Let them all discuss it". You can fix a time-limit within which the Standing Committee will have to come out with a consensus on this issue. It is not a question of prestige. I would again tell the

BJP Members who are working with me not to talk like this. They will have no credibility. If they don't have any credibility, if governance has no credibility, people will not have faith in us, whether we are there or they are there or you are there. Then it will only be a talking shop which we will have in Parliament. Are we going to have a talking shop here? You should have some sort of commitment to what you say here and what you say there.

THE VICE-CHARIMAN (SHRI TRILOKI NATH CHATURVEDI Mr. Minister.

SHRI DIPANKAR MUKHERJEE: Sir, he need not move the Bill if he is convinced with what I have said right now.

THE MINISTER OF POWER (SHRI R. KUMARAMANGALAM): Sir, I move

> "That the Bill to provide for the establishment of a Central Electricity Regulatory Commission and State Electricity Regulatory Commissions, rationalization of electricity tariff, transparent policies regarding subsidies, promotion of efficient and environmentally benign policies and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration."

I am confident that this Bill will help to improve the financial conditions of the Indian power sector to enable it to invest in the much-needed addition of generation, transmission and distribution facilities and set the tone for a new era of competition, efficiency and transparency in the Indian power sector. Before I elucidate the salient features of the Bill, it is essential that I dwell upon the overall power situation in the country which has warranted these reforms.

My good friend, Shri Dipankar Muker-jee, while speaking on the Short-Duration Discussion on power and water was privileged to refer to me as a young man in a hurry. I admitted that I was a yes man and I also admitted that I was I. hurry. The reasons for my hurry are very real.

7.00 P.M.

What I think is very difficult for anybody to appreciate is, Mr. Vice-Chairman, that we have different values for different times. It is interesting to see that when it comes to an Ordinance on payment of wages or an Ordinance on provident fund or an Ordinance on gratuity, the scorpion does not sting so hard. When it comes to something which deals with what has' become and is accepted the world over as a basic utility, a need for man today after food, clothing and shelter, is power, when we know that not even 30 per cent rural households today have the privilege of electricity connection and when we know the State Electricity Boards are dwindling to financial ruin, you want to have the privilege of discussing a regulatory Ordinance to the last. I am sorry, when one talks of World Bank, one talks of a lot of conceptualisation. Unfortunately, the World Bank has almost be-come a jargon. But it was as late as, as early as if I may say, 1980 that for the first time it was required that the Bureau of Electricity Costs and Prices should be brought into existence. I think I am privileged enough, if the Vice-Chairman permits me, to call Mr. Dipankar Mukherjee as Dipankar Da because he is over a decade older than me and he called me a young man. I think Dipankar Da needed to do a little homework, if he does not mind. It was in 1980, when an independent Tariff Regulatory Commission was mooted, a Committee on Power, which was otherwise known as Rajadhy-aksha Committee, recommended setting up of a Bureau of Electricity Costs and Prices, what was called BECP, an Independent, statutory body, for adivsing the States on electricity prices. Later in May 1989 a Working Group set up by the Minsitry of Power recommended the es-tablishment of a Tariff Advisory Commission and in 1992 National and Regional Power Tariff Boards were constituted.'

SHRI DIPANKAR MUKHERJEE: Leave something for the debate. No, no you -are not replying to the debate. You have not come to the debate. You are moving the Bill. The main issue that I have raised is the issuance of the Ordinance itself.

SHRI R. KUMARAMANGALAM: What is interesting is that, I think I have been in this House earlier as a Minister. Normally, I do not interrupt. It is a small courtesy. ...*(Interruptions)*... I request the same to be done.

THE VICE-CHAIRMAN (SHRI TRILOKHSTATH CHATURVEDI): He is supposed to move the motion, and speak on it. I think he can cover the point of Ordinance also. *(Interruptions)*

SHRI DIPANKAR MUKHERJEE: That is the main point. *(Interruptions)*

SHIR NILOTPAL BASU (West Bengal): He must be pertinent to the discussion. That is very much part of our business, procedure and rules. *(Interruptions)*

SHRI R. KUMARAMANGALAM: Mr. Vice-Chairman, Sir, I will speak when I am permitted to speak. If I am not going to be permitted to speak, if this is the order of the House... *(Interruptions)*...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The Minister has covered the points raised and also from his side explained the logic or the rationale or something. I am sure he will come to the...

SHRI DIPANKAR MUKHERJEE: I have not called it an Ordinance raj. I have quoted from there. I want the support -from their side. If he wants an ordinance... *(Interruptions)*...

SHRI R. KUMARAMANGALAM: It is necessary for my friends to learn the procedure first. I think it is necessary for me today to put it on record. It is on the agenda that both the items of moving the Statutory Resolution and moving the Bill will be taken together. Unless it is changed by the House, the system cannot change.

SHRI DIPANKAR MUKHERJEE: He has taken the liberty of saying that I should do my homework. Yes, my homework is done regarding the Ordinance. My homework is based on what was told from here. I want a reply to that. Otherwise, he can reply to anything. That is all. .*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I do hope that the Minister will also respond to the points you have raised regarding the desirability of the Ordinance. Probably, he has started the other way by explaining the logic or the reasons which prompted him. I think this should set at rest the misunderstanding. May I request the hon. Minister that he should cover both the things?

SHRI R. KUMARAMANGALAM: Mr. Vice-Chairman, Sir, if I may submit, I haven't even come to the nuances of the Ordinance. My good friend, the hon. Member of Parliament, while moving his Statutory Resolution mentioned a few points. One was: What is the hurry? Why should it not go to the Standing Committee? While replying to that, I said what the hurry was and I said that there was a hurry. It is not that there isn't a hurry. I mentioned what the hurry was, what the background of the hurry was. And he thinks I am moving the Bill! I haven't even come to that stage. I am addressing the issues raised by him and I am telling him, "Before you said what the hurry was, you should have known that there is a history of 17 years to this

effort". It is a problem that has been noticed over two decades ago. For two decades we have been addressing this problem at the national and the State level. Because it is a Concurrent Subject, we have been addressing at various levels, in various forums. Twice this matter has come. Last time it did come to the Parliament. It did go to the Standing Committee. The Standing

Committee said, "It doesn't suffice that you had a Chef Ministers' Conference, you drew up a common minimum national action plan on power. You still must go back to the States and get their views". We went back to the States and again got their views. How many times are we going to go through this? What is the price that we are paying for this luxury, for 20 years of consideration? Is this irrelevant or not an answer to what you have said? I would like to know...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): No. You directly say that this is the logic why you have brought it.

SHRI R. .KUMARAMANGALAM: That is exactly what I am saying. But he is not willing to listen....*(Interruption)*...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): As a Minister in the Government, you have far more information and so you' share wi' us. That is...*(Interruption)*...

SHRI R. KUMARAMANGALAM: Mr. Vice-Chairman, Sir, I would not have said anything...*(Interruption)*...

MISS SAROJ KHAPARDE (Maharashtra): Mr. Minister, would you like to yield for a minute? Sir, I would just like to request the hon. Minister, through you—he is really a very dynamic Minister and he knows his subject thoroughly—I would like to submit humbly to the Minister, he should not lose temper. I know that you are a very intelligent Minister. When my hon. Colleague asks something, he gets agitated. But you should not lose your temper. We don't want to see you as an angry man here.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): No, he is not. *(Interruption)* I think we know both the sides. Mr. Dipankar Mukherjee... *(Interruption)*...

MISS SAROJ KHAPARDE: Sir, the whole problem S that the Statutory Resolution has been moved by a young, dynamic Member from this party. And there is a young and dynamic Minister. But the two young dynamic persons should not *takrao* with one another. He can afford to be angry with you. But you cannot.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I am sure he is not getting angry.

SHRI R. KUMARAMANGALAM: I am not. I am not. I firstly would like to thank the senior Member, Sarojji, for the advice. I would also like to point out that I haven't lost my temper. Yes, there was a certain amount of stridency in my tone, essentially because there were certain varieties of critical innuendoes is what my good friend said. I did not refer to that and I don't think it is proper for me to do that. But there is a hurry and there is a problem, which, I believe sincerely from the bottom on my heart, is a problem which is about to become so momentous that it is going to go out of control of any system. And I am worried. It is my worry that has been communicated and not the anger.

That is excatly why I have tried to emphasise what the hurry was and what the background to it is. Sir, with your permission, I would like to point out that we had the Bill which has come before this House as almost the same Bill. Naturaly, when a new Government comes, when a new situation or set-up comes to power, there will be a small change. But the overall Bill, its spirit, its strength, its purpose and objective is the same as the Common Minimum National Action Plan on Power. The objective of the Bill basically is to ensure that while public interest is kept in mind, while the poor and the deprived sections or the needy-sections of the society don't suffer, whatever subsidies that are given to them should be given to them, but the State Electricity Boards should be viable enough to invest in growth, viable enough to invest in additional capacity generation, maintenance, system works, improvement of technology, etc. If the State Electricity Boards continue to be in

this terrible financial situation, Sir, we are going to have a situation where howsoever much we may want, we will be unable to supply power to those 70 per cent of the rural households who don't have power today. It is justified totally. I belong to that school of thought which believes that to give subsidised power and to have cross-subsidisation in power is justified in a developing economy, but give that much subsidy which your economic situation can afford to give. Let us be transparent. Let us know what the cost of generation is what the cost of inefficiencies is, what the cost of thefts is, what the cost of power is, what the cost of cross-subsidisation is. Let every consumer know it. Let there be a little transparency in this area because I believe, power has been played around with power for a very long time—and by power also. It is time everybody knows what costs what. I think we reach the 21st century in a couple of years where people will be far better informed than they were a hundred years ago when we moved into the 20th century. It is necessary for us to have a situation where you have a Regulatory Commission. I did point this out to a couple of my friends that it is not divorced from public interest. The dominance of public interest must be there in an arena when you are talking about a basic amenity like power. And I believe, it is the fourth basic amenity. That is why it is provided for in the Bill. I would just like to point out the amount of power involved where all our failings were and why we have landed up in this situation. In the Eighth Five Year Plan, between 1992 and 1997, we had

planed 30,538 megawatts. We only added 16,423 megawatts. Various reasons can be given. A lot of criticism can be made, but this is factually correct. Whose fault is it? I had given some indications of my mind yesterday and I don't want to go into it again, but this is a fact. It is because of a tremendous amount of concerted efforts—by improving PLF—that the actual energy shortage is not so much. But what is the situation? Today we have an average situation of 75%, only 75% of recovery through tariff is there for all the SEBs put together. A thumb rule is, for every additional MW of power that we produce or add in capacity, we lose Rs. 50 lakhs a year. We are losing, we are not benefiting over every additional MW of power. This is the thumb rule which is coming into being. Why is this, Sir? In the year 1992-93, the total commercial loss of SEBs was Rs. 4,560 crores. In the year 1996-97, the time when the Bill was coming in, the loss was Rs. 9,798 crores. In the present year, as on 31st January, 1998, we have achieved a figure of Rs. 12,139 crores as loss. Let us have a Standing Committee, let us take another six months, you can add another Rs. 3,000 crores to the figure.

The Delhi Vidyut Board alone owes Rs. 6,000 crores to Badarpur Thermal Power Station. Nobody knows where that money is going to come from. I know, Alag Saheb tried to make the then Prime Minister find some sourcing for it but he has not found it and I am still searching for it. What is the situation? The SEBs owe about Rs. 1,083 crores to the. Railways.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I think, Mr. Salve has something to say about Badarpur Thermal Power Station.

SHRI N.K.P. SALVE (Maharashtra): When my turn comes.

SHRI R. KUMARAMANGALAM: This is the situation on record and the picture is very dark. We are dealing with power and we find darkness, not light. We have a situation where the effective subsidy that we have given to agriculture and domestic sectors works out to Rs. 19,200 crores. But the Government proposes to compensate only Rs. 2,634 crores. Therefore, the effective subsidy is only 12.7%. The cost is subsidised by the SEBs. However efficient SEBs may be, can they make up after cross-subsidisation of Rs. 8,500 crores? They cannot. So, what happens? Behind the

shield of SEBs, there is Rs. 8,500 crores of subsidy, theft takes place. The T&D losses are increasing. Accountability changes. There are some States which are amusing. They will show me T&D losses at only 18%. They will tell me that 40% is actually on account of subsidising the power. You dig deeper, you find that a lot of T&D has been shifted. They want to show that there is no theft and that it was a clean power. We have seen these games. Dipankarda knows it well, as much as I do. Salveji knows it better. Aiag Saheb has also seen through that. Everybody, who is in the power sector or near the power sector, can notice it in a minute. We are going through a situation which is really in a crisis. We need to have a regulator, we need to have an independent body. This is not my view. This is the view of all the Chief Ministers put together, of all the political parties put together. I would like to point out that today we have a situation where actually we have a negative internal resources level of SEBs, of Rs. (—)4,482 crores for the year 1996-97. This is two years ago. One can add another thousand crores of rupees, if I get the correct figure.

Where are we going to do renovation and maintenance? Can they even get loans today from the PFC? Where are we going to get money from? Without renovation and maintenance how are they going to improve their PLF? How are you going to add additional lines? Are you willing to give loans at subsidised levels? Maybe, in a few months I am planning to move very frequently and ask my senior colleagues in the Cabinet to consider that for rural electrification. Let us not just give what is being given today. But, let us give more subsidy so that the cost and burden of the SEBs is less. When SEBs financial situation improves when we give them assistance at a lower rate of interest, they complete their social duty as well as their basic fundamental duty of ' providing power. Sir, when is this going to happen? They have not got the ability. We are in a (situation wherein Gujarat—hon. Member, Urmilabenji would know—industrial power has got 25 per cent electricity duty and after everything it comes to Rs. 6.50. I must congratulate the members of the Gujarat industrial community that they are still hanging on and all that because the price is going to be so high. On top of all this the total escrow ability of the SEBs is estimated to be 10,000 MW. They have sanctioned 30,000 MW short-gestation and medium gestation projects. Where is the escrow? 1 do not know whether Alaghji addressed that question. But, that question has become a very relevant question today. No States have gone in for competitive bidding and they do not have the escrow to stand by. This is the situation where you tell me whether the CEA has cleared or SEB has cleared it; licences are in place, everything is done properly, but, there is no financial closure because there is no escrow, there is no scrutinisation, no guarantee to any private or public generator that the SEBs can pay. When 1 say that the public sector companies in future will supply power only on LC, there is a hue and cry, "Rangarajan has become ruthless; murderer being a Congressman not in BJP, swadeshi style." Let me tell something very clearly, Sir, through you, to the House that our Government and our party is committed for the uplift of the poor, committed to see- that the deprived sections get their support and is also committed to transparency, is also committed to efficient functioning and is committed to ensure that we give our contribution honestly and sincerely to provide the basic amenities to the lowest of the low. Sir, this Regulatory Bill, in short, meets our ambitions only to a certain level. It is not a panacea for all evils. It is not something which has a magic wand and solves all our problems. On the contrary, this is the first step, a step which had been contemplated in 1980 and has gone through 17 years of rigorous discussion. And 17 years, I think, is enough time for discussion and mindset confirmation. ...*(Interruptions)*...

SHRI H. HANUMANTHAPPA (Karnataka): Sir, I would like to say that the introduction of the Bill is taking a lot of

time. ...*(Interruptions)*... Mr. Minister, the Parliament met on 27th May and you issued the Ordinance on 25th of April. What have we achieved during these 33 days? What was the urgency? That is all that we want to know. Why did you resort to an Ordinance? ...*(Interruptions)*... Why could you not wait for another one month? ...*(Interruptions)*... When you were sitting on this side of the House, you were criticising all this. Now you have also resorted to the same thing. I think it would be better if you answer that question. You can make further submission when you reply to the debate because introduction itself is taking a lot of time. I only want a specific answer as to what was the need for promulgating this Ordinance on 25th April without waiting for a month. What have we achieved by doing so? This will satisfy me as well as Dipankar.

SHRI R. KUMARAMANGALAM: I would reply to what my good friend, Hanumanthappaji, on the other side, has raised. I would again like to point out humbly that both the items have been taken up together.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): No. That is granted. He just wanted to know ... *(Interruptions)*...

SHRI R. KUMARAMANGALAM: Sir, I will reply to that point. What I think is being sought to be indicated is, first, reply to the Ordinance issue then talk of moving the Bill. ...*(Interruptions)*... I would like to address both issues ...*(Interruptions)*... I said, 'sought' ...*(Interruptions)*...' would like to point out that we have a strategy which is a three-plan strategy or three-step strategy to handle the crisis. One is, to bring in the desired reforms of ensuring that the State Electricity Boards, generating companies, transmission utilities, become efficient, transparent and modern. We need immediate renovation and maintenance to improve our PLFs. We will be providing adequate funds for accelerating the implementation and the PFC, in fact, has been providing concessional finance for this programme to be implemented by the SEBs. We will be actively encouraging to see that R & M is given the first priority. Along with that, we are ensuring that the system improvement schemes of the transmission arenas are also given the same facilities and they are able to improve. We are going to move quickly, and it is our plan, that the Central PSUs and the State utilities should be able to add 22,656 M.W. in the next four to five years and another 17,569 M.W. are in the pipeline of the private sector but it is my honest feeling that we should be able to, if we add 10,000 M.W. of that 10,000 M.W. to 12,000 M.W. of that 17,000 M.W. in the next five years, succeed in that. There is another 2,000 M.W. which is to come in the form of new capacity which the petroleum re-finaries are setting up and we are also planning a number of mega-projects on which as soon as policy is finalised, if the Parliament is in session I will inform the Parliament; otherwise, I will inform you later on.

Sir, we have taken many policy decisions to improve the health of the sector and I know the circumstances justified the need of this Ordinance, I believe, this needs to be appreciated. I have already explained, indepth, about the poor and fast deteriorating financial health; the finance is eroding so fast. For example, I just give a small figure as to what had happened between 1997 and January, 1998. It is a five month lead where we had slipped by Rs. 3,400 crores; give us another three month lead or six month lead, you can add many thousands of crores to it. - Sir, everyday counts. My good friend has asked as" to what has happened in the last 32 days, what we have done from 25th April till date. I would like to point out that setting up a Commission is not an overnight job. By merely notifying, a Commission does not come into existence. It deals with selecting a chairperson and members of the Commission and it deals with putting them in place, providing the wherewithal

to start operation, get the regulations in place, etc. There is a gestation period. Today, we have a situation but I am confident enough to state that within the stipulated time of the Ordinance as by 25th July, we will have the Central Electricity Regulatory Commission in operation. If I come through the Bill process, I am reasonably confident that in normal course it would have been November/ December, 1998. Those four months could cost. Let us not forget, I brought in the Ordinance on the 37th day after taking over as the Minister of Power. That is why many people say that I am in a hurry. Yes, I am in a hurry. I am in a hurry, not on my own. I am in a hurry because I have realised from the experience of my precedessor Power Ministers, the problems that they faced and what they have surmounted. I can say they were far superior to what I am as an individual. But, I have the advantage which they did not have, the advantage of history and learning. The learning curve that they went through between 1991 and today is something that is available to me. And I have realised that today the luxury of learning has become that much costlier. It is a factor of ten between what was during Salveji's time and what it is today. If I go into the exercise of learning curve and reinventing the wheel or reinventing the learning process, which is what would be advised to any young politician and quite justifiably, we would have a situation where everyday what the nation would pay to give me the luxury to learn and intellectually differ, will be quite something. This money ultimately is the money that the poor man losses. It is- not the World Bank. And, I think, we need to realise that these days between 25th April and today is actually a four-month lead. In a four month's lead-time, in just the last year's records, about Rs. 3,000 crores! Right! I think, it justifies. It is good money that is going to be thrown for luxuries. When we come to talk of payment of gratuity or Provident Fund, an Ordinance is acceptable to us. I know I am not leaving it because of another reason. Why is it acceptable? It is acceptable for another reason, not because it is the working class. It is because the working class loses money. If you go through the Bill process and wait, then what happens is that till the Bill becomes an Act, his limits do not go up, he loses money. Here, similarly, we are lossing money. It is not SEB losing money, it is not the Government losing money, it is the nation losing money. And it is dangerous, what we are doing.

Sir, I would like to submit that the very fact that the States like Rajasthan, Madhya Pradesh, Karnataka, Andhra Pradesh, Haryana and, in fact, some others have taken steps for setting up regulatory commissions—and I understand that Bengal is also doing its investigations and almost every State is—it is an indication that the time lag has been reduced. Then, I would like to submit that the main function is tariff policy and the main objective is only one, the economic viability of the SEBs keeping in line public interest.

I would like to end by saying that the two amendments that have come—one, is Section 29(3). This section as in the Ordinance has been deleted. It dealt with giving guidelines to the SCRC beyond the scope of the Central Electricity Supply Act, something which the Chief Ministers wanted merely, I believe, because they felt it was convenient, if it was a part of Central legislation rather than a State legislation ...*(Interruptions)*... very much understandable. But, then if it is understandable, do not ask for it to be taken away. When many Chief Ministers said it is difficult ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mr. Minister, you will have time later on to reply also ...*(Interruptions)*...

SHRI R. KUMARAMANGALAM: No, no, the point has been raised ...*(Interruptions)*...

So, the point has been raised in regard ....*(interruptions)* I am just coming to that. The point has been raised about two amendments..... *(interruptions)*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Sometimes it takes much longer, elongated process to come to.... *(interruptions)*

SHRI R. KUMARAMANGALAM: I will just finish with one point and then sit down. I understand the dictates of the chair and I shall bow to it in a second. I would suggest very clearly that under the old section we had made certain guidelines, which the Chief Ministers originally felt they should have. Now, they feel they don't need it. It does not in any way hamper the basic objectives of the Act. Additional guidelines are not there. Let the State Government and the SERC work it out.

Second, the North-Eastern States felt that imposing a regulator in each of the small States is going to be an extremely difficult matter for them financially. They wanted to have options. We said fine. Moreover, after all, it is a concurrent subject. Let us be ennobling rather than putting it down the throat. I am confident that every State of India will have a Regulator in place, because every Chief Minister wants that this basic amenity be available to his people; to his voters. I can tell you this much, whatever Mr. Wasim Ahmad may say, that the reality is that whether it is optional or not it is commercial necessity, the basic need that will make people opt for it. It is better to have voluntary participation. I request that the hon. Members may kindly permit me to move this Bill for consideration and I .would request the hon. Member at the appropriate time to withdraw the Statutory Resolution.

The questions were proposed.

SHRI N.K.P. SALVE: Sir, at the outset, I concede immediately that the problems that he has ennumerated of Himalayan dimensions in the power sector are absolutely correct. The entire power situation is extemely fragile; it is extemely precarious. About that there is no doubt what so ever. But, the hon. Minister also went round and round the mulberry bush in rhetorics very fluently explaining as to why he promulgated the ordinance and could not wait for month.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): There are two legal geniuses here.

SHRI N.K.P. SALVE: I am not making a legal point. What he says is that by bringing the ordinance one month earlier, he has been able to save four months.

SHRI R. KUMARAMANGALAM: Yes, that is the trick.

SHRIU N.K.P. SALVE: I do not think that any Member of Parliament who has some parliamentary experience would buy that argument, because that is not correct. It is not true. You could have brought it on the first day when the Parliament started .....*(interruptions)*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Please let him have his say.

SHRI. N.K.P. SALVE: There was absolutely no urgency for an ordinance and nothing has happened. All these problems of power sector are not today's, because the promulgation of the ordinance was on the 25th of April, 1998, and Pariament started on 27th May 98. And nobody will buy that kind of an argument of urgency. Be that as it may. Sir, I very frankly feel and I haves had this feeling not only today but also when I was in the Government, that promulgation of an Ordinance when the Parliament session is almost on the anvil is, in fact, an affront to the very authority of the Parliament. I submit very respectfuly to you, Sir. As I read the Bill contemplated in the Ordinance, I realise that the statutory provisions would hardly take care at 75 to 80 per cent of the problems. There was a glimmer of hope that it may tackle some problem created by the State Governments for Electricity

Boards so far as the financial management was concerned, by provision of a particular section i.e. Section 29(3). But under the pressure of his partners in the alliance Government, who are always after the Govts, neck and want it to lick the dust, he has deleted that Section also, in the Bill. The Bill as it stands, I beg to submit, Sir, in the midst of these problems which needed us, which required us, most urgently to go miles does not take us even a centimetre further. The Bill is an exercise, entirely, in futility. It is a waste of time of the Government of Parliament.

SHRI E. BALANANDAN (Kerala): Waste of his lung power.

SHRI N.K.P. SALVE: So far as the apreciation of the problem is concerned, the Power Minister is a very able professional. I am not surprised that he has assessed, evaluated, the problem very correctly, in a very short time. That is possible because he did not go through the learning process. He has the benefit of his predecessors. Therefore, one expected better things from him.

Sir, I would like to submit. Serious problems of power sector were brought out very clearly in the Action Plan. It was brought out very clearly by the Common Minimum National Action Plan for Power which was prepared by the Chief Ministers. They had very clearly pointed out. They had very clearly enumerated. Everybody at the Centre, and everybody in the States, know all the problems in the power sector. Therefore, it was thought that a decisive action, without delay, was required.

I agree with the hon. Minister that a decisive action, without delay, was needed. They have enumerated the problems very well. These are the problems. Lack of rational tariff. I would like to point out that nothing has been done about it. High rate of cross subsidy. Nothing has been done about it. Poor planning and operation. Nothing has been done about it. Indequate capacity. The Bill hardly takes care of this aspect. Neglect of consumers. It will continue to be so, as it has been so far. Poor planning and operation. No care has been taken in the Bill. Absence of an independent regulatory authority. Only this has been taken care of.

The only thing which this Bill takes care of is the creation of a regulatory authority. But it is an authority without wings to fly and without teeth to act. You are not giving them any power and authority to tackle the real problems which you have so eloquently pointed out. I agree with him totally. In fact, if I may submit, with respect, the magnitude of the problems, as he has pointed out, is an understatement. The problems are far more serious.

Way back in 1993, after seeing the projections of the steep increase, the geometric increase, in the demand for power in Delhi *vis-a-vis* supply, I said that by the end of the century, we would be having riots in Delhi because of shortage of power. I have been proved wrong, Sir. One did not have to wait till the end of the century. It is happening now; in 1998.

The situation is very alarming. There is no doubt about it. What have you done to remedy the situation? Seventy per cent of the power sector is controlled by the State Governments. The Minister referred to the relevant provisions for tariff. He said that it was to be a guideline. The guideline was to be given under section 29(3). Was it a guideline? It was a mandatory provision. It was a mandatory provision in which there was an injunction on the Regulatory Commission to act and ensure a certain minimum tariff.

What has happened all these years because of *.he intervention of the State Governments in the working tariffs of the State Electricity Boards? The Boards were left on their own, high and dry, absolutely. There are some figures of financial results of the Boards which are given in the Economic Survey. I have no other source of checking them. In

1996-97, the quantum of subsidies was Rs. 13,863 crores. It increased to Rs. 19,438 crores in 1997-98. It has now increased further. It is now Rs. 22,243 crores. Then, Sir, the amount of unrecovered subsidies which were not paid though a part of it was adjusted as a result of surplus generated from other sources, was Rs. 6,014 crores in 1996-97. It increased to Rs. 8,302 crores in 1997-98, and in 1998-99 it increased to Rs. 9,610 crores.

Sir, the commercial losses of the State Electricity Boards are steadily increasing. The amount was Rs. 9,453 crores in 1996-97; Rs. 10,345 crores in 1997-98 and Rs. 11,378 in 1998-99. Is there a single comma or fullstop in the amended Bill to tackle this problem. In the Ordinance there was a remedial provision, in section 29(3), which has now been deleted. Is there any provision whatever by a word, a comma or a fullstop which will take care of this financial position of the Boards? Is there any mandatory injunction for the Regulatory Board to rationalize tariffs? Has it any power or authority to act upon to take care of the situation? If the situation cannot be taken care of, all the problems which he has stated and on which he expects a miraculous effect as a result of the constitution of this Commission, I think, will remain a dream. I think there is plenty of daydreaming. Nothing will come out of this Bill.

As I submitted, it has hardly supposed to deal with the major problems. What are the major problems? There is very poor PLF of the State Electricity Boards. There is very high cost of generation. They are paying Rs. 6/- per unit in Gujarat. What is the rate for domestic consumption in Maharashtra today on an average? Last time I was in Nagpur, staying with my daughter. I divided the total amount of the bill by the units consumed, and it worked out to be Rs. 4.57 per units. What a high cost to consumers. Despite that, there are losses. What about the very poor maintenance and virtually no technical upgradation of power plants not to speak of the T&D losses?

What happens? When you look at clause 22(2)(b) of the Bill, what does it say? All these problems relate to area of generation, transmission and distribution. What does clause 22(2)(b) say? it says that so far as the Commission is concerned, it has power only to aid and advise the State Government in the matter concerning electricity generation, transmission and distribution. If it has merely to advise in these three areas, I do not know how the real problems would be taken care of. Why is he so optimistic that the Regulatory Commission could take care of even 1 per cent of the problem or half a percent of problem? It will take care of zero per cent of the problem of power sector.

Then, Sir, if I may submit again for your consideration, what does the object of the Bill say? I will quote from the Bill itself. This was the object which was stated in the Ordinance. This continues to be the object even today in the Bill. May I ask of the Power Minister: how is this object going to be met? He says that the Bill aims at improving the financial health of the State Electricity Boards which are losing heavily on account of irrational tariffs and lack of budgetary support from the State Government. How is the Bill going to improve the financial health of the State Electricity Boards? Thanks to his friends' from Punjab and Tamil Nadu, he had to delete the only provision which empowered the Commission to deal with the tariff and fix it at the minimum of 50 per cent of the generation cost. He had either to delete that provision or to get rid of the Bill itself. So he thought of deleting that provision, with the result that this bill has made regulatory Commission utterly impotent. It is an exercise in futility. It reminds me of the Parkinson's Law which talks of bureaucracy with absolute sarcasm but with absolute reality that work always expands to fill the time. The bureaucracy always fools the administration, indulges

in large scale waste of public money ana time and befools the administration that it is doing public service. This Bill is a classic example which proves the Parkinson's Law.

I may be permitted to refer to clause 17 of the Bill, in the original Bill as contemplated in the Ordinance, clause 17 (c) states that the State Government shall, within three months from the Commencement of this Act by notification in the official gazette establish for the purposes in this Act, a Commission for the State which shall be knows as the State Electricity Regulaltory Commission." Now, what is the provision in the Bill? "The State Government may, if it deems fit"—why will it deem fit?— "by notification in the official gazette for the purposes of this Act, establish a Commission for the State to be known as the State Electricity Regulatory Commission." Where was the necessity to bring this law, in which he has so much faith that it will bring about considerable changes, if not a miracle in the power sector? If it is left to the sweet will of the State to form a Commission, they could have done it without the Bill as they have done it in same States. Now those who don't want it, they will not do it. How are we helping the States to ensure that there is some amount of fiscal discipline, financial discipline, administrative discipline and some sort of an effort to bring them to good health. They are unable to maintain their power plants. They are unable to upgrade their power plants because State Governments are pandering to populist support in the hope that by giving this kind of a financial support to agriculturists they will gain politically. By Giving concessions more

concessions and more concessions *ad infinitum,* the Political Parties lose is a different thing. In fact, Politically they don't gain by it. But they completely ruin the financial helath of the State. Electricity Boards in the process.

I submit with great respect that this Bill had little concern for providing the measures, authority to the Commission to bring about even a semblance of fiscal discipline to the State Boards.

I submit that clause 29(3) was the heart of the Bill as per ordinance. This is the only provision which I thought was the redeeming feature. It *inter alia* provided that the State Regulatory Commission can determine mandatorily the terms and conditions for the fixation of tariff. In doing so, the clause states that it shall be guided by the following, namely etc., etc. Then, it comes to sub-section (iii). I really would have saluted the Minister today if he had not deleted this provision and explained to his very esteemed colleagues and his partners that for God's sake, it was for their own good. He has rightly said that Chief Ministers wanted some help to rationalize tariffs. They wanted some sort of cover because they are scared of denying a relief to the agriculturists, so, there was a mandatory provision, which State Govt, cannot help to increase tariff. If Ranga is blamed, it does not matter to a Chief Minister. We can take the blame here. That is one reason. I have always thought that had power been not a concurrent subject, had it been only with the Central Government, perhaps, the problems would not have been 20 per cent of what they are today. State Governments have pandered to populist demands of agriculturists. There was a provision in the ordinance that subject to the provision of sub-section (iv) no consumer or class consumer shall be charged less than 50 per cent of the average cost of supply of energy." There was a proviso to this clause" provided that if the State considers it necessary, it may allow consumers in the agricultural sector to be charged less than SO per cent, subject to the conditions that the charges which are less than the said SO per cent shall not be allowed after the expiry of the period of three years." Then, there is provision that the State Government can grant subsidies. Which subsidies they grant, but never pay. Be that as it may.

Sir, there should have been at least some semblance of an attempt by the

Ministry of Power and the Minister of Power and my friend to bring some financial discipline to the Board by providing that a minimum of 50 per cent of the generation cost will be the tariff leviable even on agriculturists after three years time. Even that is gone away. How are they going to ensure the- financial viability of the State Electricity Boards, if they keep on giving *ad infinitum* and *ad nauseam* concessions after concessions and not recover enough monies to meet the generation cost, to meet administrative cost of the State Electricity Boards. Not to speak of transmission and distribution. As regards transmission and distribution, during my time, a calculation was made. The transmission and distribution loss, on national average, is between 18 per cent and 20 per cent. In Delhi, of course, it is better, that is two-and-a-half times. Every one per cent of the transmission and distribution loss saved means an additional 500 MW available to the country. If that be the position, how does this Bill seek to improve the transmissions and distribution position? In the end, I have to point out that the Bill has all the pretences, all the trappings of tackling the problems of the power sector. But it is not going to help. As I said earlier, we have miles to walk, to be able to tackle these Himalayan problems of power sector. I sympathise with him as much as he sympathises with me as a consumer.

I was learning when power sector was opened for private investors. There is no doubt about it. He has the benefit of our experience and he can do much better. I expected him to do better. He has always been a very able professional and a strong man. What happened to him? How has he tamely succumbed to the pressure of the Chief Minister of Punjab and the Chief Minister of Tamil Nadu and was unable to explain to them the ground reality with all his charms? He should have explained to them the imperative necessity of keeping these provisions of the Ordinance in tact in section 29(3) of the Bill, which was the heart of the matter, and after deleting that, and even making the constitution of the Regulatory Commission optional, the Bill, I submit with great respect, is not worth the paper it is printed on. This Bill is an innocuous Bill. But we do not want to put this Government in more trouble than it is already in. That is why we may not oppose it. But it is a useless and futile exercise.

SHRI E. BALANANDAN: Sir, I am glad to take part in the discussion after hearing the elaooratc explanation given by the Minister. He has properly explained the Bill and all the statistics have been given. As explained by the Minister, the main purpose of the Bill was to make the State Electricity Boards viable and economical by taking certain measures because the State Electricity Boards are making heavy losses. He has given the figure of Rs. 12,000 crores as the loss of the State Electricity Boards. It started from Rs. 8,000 crores and now it has reached Rs. 12,000 crores. Out of that, they could collect only fifty per cent. The Minister has given the example of Delhi where the power situation has been stated to be very grim. I am not talking of politics. The same conditon prevails everywhere. They have to pay Rs. 6,000 crores to the Badarpur Thermal Power Station. They have to pay Rs. 1083 crores to the Railways. So, the original intention of the Bill was to see to it that all the State Electricity Boards are brought in line. I have read a news-item in the Press, wherein the Minister was reported to have said: "If the Regulatory Commission Bill is not implemented by the States, Article 356 of the Constitution will be invoked to see that it is implemented." Mr. Minister, if I am wrong, I would like to be corrected. I don't want to make any capital out of it. My hon. friend, Shri N.K.P. Salve, knows the subject better than me. He has referred to that provision in his speech. After the amendment, you have yourself accepted it.

8.00 P.M.

He knows the subject better than I know. He read out 17(1): "The State Government may, if they deem fit, will start setting up the Regulatory Commission." His whole speech is correct in the sense that he has made the speech before making this amendment! That is being carried on here, What I want to submit is it has no validity now. That is one point I have made.

The second point I want to make is this. As you know, electricity is a thing, if you handle it properly, it is okay, bat if you mishandle it, it will give you shock. You remember that in 1991 we were embarking on a big scheme of taking forward the power sector. You also knows those people who were saying that. But what has been the experience from 1991 till date? Our hon. Minister hat givea certain figures about the Eighth Rve Year Has. Hate also., he it partial. I am not making any allegation. The Eighth Five Year Ran was to have 38,000 megawatts of power, bat we could produce only 16,423 megawatts of power. There was another stipulation in the Plan, that 10,000 megawatts would be produced by private producers. What happened to that? They have produced zero, more or less zero. So, in 1991, the idea behind inviting the private sector was to make the power sector efficient. We had signed 100 MOUs. You remeber that 100 MOUs were signed consecutively and 8 fast track projects were going to be started. These were all tall talks. And finally what happened? Nothing materialised! And something else happened. What was that? That was, after getting the Government of India agreed not to invest more in the public sector by the Government treasury, they thought it time to negotiate with the Government and pressurise it. They wanted to see that no megawatt of power was produced by the public sector, they wanted to put the Government in a corner. They also wanted to see all the institutions, which were existing, to be demolished. This was the position. Once you open the private sector they are not *sanyasis,*— they are not worried about our people. As he said, 70 percent of our people are not getting light. Are they worried about it? They are not, Sir. I submit to you, they arc not. They are coming here only for one thing, and everybody who knows the A, B, C of economics also knows why all these gentlemen come here, I mean the private people. They come here to earn money. They don't want anything else. So, when it was opened up, what heppened? What had we done? If you look back, you will find that we started with 3,080 megawatts, and this March it is 86,000 megawatts! Is it a small thing to achieve with the so-called apparatus we are having, whatever it is. There might be difficulties, there might be defaults. We have to correct them. When a headache comes, the easy treatment is, you cut the head, the trouble is over! For a headache, big doctors will prescribe, "Cut off the head!" That kind of treatment won't do anything. Every Indian should be proud of what we have done in our country. He should be proud of not only the generation of power, but other things also. We have built an industry, a power engineering industry which can produce various types of genetators and which can compete in the world market. We are the only third world country which designs nuclear power machines and produces nuclear power. This is an achievement. If I am allowed to say, it is a greater achievement than making nuclear bombs. So, that is the position. Therefore, we should do something in this regard. We have to look into it. I will give you some simple arithmatjes. The Planning Commission has suggested how it can be done. It has suggested 25% increase in the tariff. If it is done, all the Electricity Boards will become viable. All this, the Electricity Regulatory Commissions, etc, is the other side of the picture. I will tell you, with your permission, Sir, one thing. We understand, women are equal. That means we understand women are equal by gender. But among women there are mothers,

wives and children. They are all women. When we talk of Electricity Boards, there are Electricity Boards like Delhi, Kerala, West Bengal, Madhya Pradesh, Tamil Nadu and Karnataka. In Karnataka there is little difficulty now. There are so many Electricity Boards, which are functioning efficiently. They are all women. When we talk of Electricity Boards, like Delhi, Kerala, West Bengal, Madhya Pradesh, Tamil Naldu and Karnataka. In Karnataka there is little difficulty now. There are so many Electricity Boards which are functioning efficiently. The Andhra Pradesh State Electricity Board was able to invest nearly 83% to meet their growth demand- When we say in the Parliament that all the Electricity Boards are in bad shape, it is not ture. I do agree that some are in bad shape. We have to find out some way for solving the problem. But the purpose of this Bill, the original idea of this Bill, is lost. Many Ministers and many. other people said that they had given their consent. But when it comes to their States, all of them turned round and said, "Nothing doing. It should not be applied to my State." Some people said like that. Then a general clause is included that if the State Government deems it fit, it may do so. It means that generally it has been given up. Therefore, where are you going to apply it? The fact is that 70% of the power is generated by the State Electricity Boards. The other 30% is produced by public sector units. They are running profitably. Is it not? The public sector institutions in the power sector, like NTPC, etc., which are being managed by the Centre, are making profit. They are nor in loss. Therefore, if the State Governments and the Electricity Boards are excluded from this Bill, what is the use? Secondly, this is not for fixing tariff alone. As I already told you, we are dealing with power. It requires some technical regulation, not tariff regulation alone. India is a big country with different terrains. We are having different load centres. We are having a different fuel situation. We are using local fuel. We are also importing fuel, etc. Therefore, this is a subject which should be based not only on tariff regulation but also on technical regulation which can be done only through the present system of CEA. It is working all along. Why do you want to change it in the present situation? Your dream of streamlining the State Electricity Boards is gone. So, you have to be content with only the Central sector which is a profitable sector. The techno-economic clearance for power projects is being given by the CEA. With all the deficiencies that are there, we must say that they are a set of people who are not running anything. But they are the people who go through the things properly and give clearance to the projects on the basis of scientific data which they collect. Our experience shows that the progress which India has made is not very bad. Our requirements are higher. Our State Governments are managing very miserably. All these things have to be looked into. Mr. Minister, let us have some rethinking. He is very much eager to get this Bill passed. I don't find any fault with him. My comrade has raised the question of Ordinance. I am not raising it. He has already raised it. I find that the purpose with which the regulatory mechanism had been thought of, has been given up. Why is he being criticised like this? So my only point is, this Bill may be referred to the Standing Committee on Power. I don't want him to withdraw it. Let them discuss it. We will all put our heads together. All the experts will be there who will have to manage the show. There are many other ways to keep the electricity boards *pucca* and make them profitable. But one thing should not be forgotten. We had been very badly depending upon import of food alone. But that situation has been overcome by supplying electricity at cheaper rates, by supplying water at cheaper rates. We have become self-sufficient in food. Today in these famine conditions when many persons are committing suicide at many places, can we think of immediately cutting out all the subsidy? It is not possible?

So there must be some planning. The exercise of planning should continue. We can act in the power sector only on the basis of techno-economic considerations. As I said earlier, you handle

power with care; otherwise, if there is a shock, it will be very fatal. So from 1991 onwards it looks that our growth has been arrested and conditions are being prescribed by the World Bank and others. What are the conditions? The World Bank suggests three conditions. The first condition is that have a regulatory Bill. You see, on what basis should the Regulatory Commission Act? The Regulatory Commission should act on the basis of cost. Cost calculations can be easily made by any pundit and on the basis of cost alone he can decide things. If it is to be decided on the basis of cost alone, no, it cannot be done. As the hon. Member correctly pointed out, 50 per cent of the people are not having light. How do you give it? The administration and the Government are have not only to do policing the total development of the nation has also to be handled by the Government according to our conception. Some differennce can come on that. This is the basic infrastructure which should have three things. One, electricity should be made available to industry, to agriculture and then to the people of the country as a whole. It should be made available at the cheapest possible rates. Pricewise, it should be competitive worldwide. Therefore, our agriculture can develop, our industry can develop especially in today's competitive world of opening up. This is the basic infrastructure which we must keep at the lowest possible rate by using our own fuel, water, coal and nuclear power. He has some plan on that. I do agree with him on that plan. He said that we must put emphasis on the development of hydel. We have to put emphasis on nuclear development. All those needs we can think of. Therefore, my humble submission is: Don't rush with things of this kind. So, we can do one thing. We can collectively discuss it. We are not partial in these questions. This party or that party does not do any. harm to anybody. This power development is a development of the nation as a whole. Every party gave its own views. But we can sit together and come to some understanding. Therefore, Sir, I do not want to make a big speech. But one small request that I would like to make lastly is that the situation has changed totally. I know he is a man who will argue the case properly. I have no doubt about it. But the case is lost now. A rethinking is absolutely required. Therefore, through you, I beg of the Minister to please agree with the suggestion, let us go to the Standing Committee and have a thorough discussion and see that we formulate the whole idea. His advice will be taken and your idea will also be taken. That way we can go with it. Therefore, I request him to agree with the suggestion given by Mr. Dipankar that it may be referred to the Standing Committee. Thank you.

SHRI SANATAN BISI (Orissa): Sir, first of all, I would refer to clasue 41 of the Bill. Clause 41 says that the provisions of the Bill shall not apply to the Commission established under the Orissa Electricity Reform Act 1995 or the Haryana State Electricity Reform Act 1997. So far as the present Bill is concerned, we! are having three types of things. First is the Orissa Electricity Reform Act, 1995; second is the Haryana State Electricity Reform Act 1997 and third, is the present Bill. As far as the provisions are concerned, if we correlate the provisions of the Orissa Electricity Reform Act with the present Bill, it is quite different. Why I am saying this is, if we go through clause 1, sub-clauses (c) and (j) of the definition clause 2, clauses 17(1), 22, 28, 58, 60, I do not find any correlation. The States already have their own act, they have their own rules and they are going on with it. How are you going to club all these things with the new provisions? To my mind, clause 1(2) extends to the whole of India excepting the State of Jammu and Kashmir. In that case, you have stated that Orissa and Haryana are having these things. You are

simply stating that they are having the State Commissions separately. The other things will follow automatically. It cannot be the ground, it cannot be the argument. Furthermore, I will say that the functions relating to Clause 17, Establishment, says: "the State Government may, if deemed fit, by notification in the Official Gazette, establish for the purpose of this Act..", but in Orissa they are having a separate Act, 1995. So far as Haryana is concerned they are having a separate Act. How are you going to club them with all these things? So far as clause 17 is concerned, you can manage. But what about the other clauses? In clause 22; as far as the power and functions of the State Commissions relating to Orissa and Haryana are concerned, they are completely different. The other thing is about energy tariff. There are State reforms. Rules are there. How are they going to abide by these things? You cannot say that all these things are governed by General clauses Act. So these are anomalies on the face of it. So, I would suggest that this Bill may be referred to the Standing Committee. Thank you.

SHRI YOGINDER K. ALAGH (Gujarat): Mr. Vice-Chairman, Sir, it is a little difficult for me to speak on this subject as I normally don't talk about my last job and also because it is quite obvious that the Minister, Shri Rangarajan Kumaramangalam, is doing a very good job on the power sector with his excellent team. I think the issue is so important that I did share some of my concerns with him privately and I thought I would bring them up to him again.

I bring to his notice that, while he didn't ask me and even though some of my friends were a little upset with me, I publically supported his Ordinance on Doordarshan, in the newspapers and clsewhere. If for no other-reason, it was precisely the Act which I had introduced in the Parliament on the 14th of August last year and it would have been very...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Apart from emotional reasons, there were rational reasons.

SHRI YOGINDER K. ALAGH: There were rational reasons.

I think the other point that I would make is that we should discuss this issue precisely in the context in which he has set it. We should do those things—and he is almost being Gandhi an in this; the tears and so on of the poorest man—which bring power to 70% of the poorest people or improve the escrow ability position of the State Electricity Boards, not in the way in which my colleagues were being it when I was the Minister by sort of putting things together which chewing gum and hair pins and seeing to it that projects get through, but get to the fundamentals. I would agree that that is the perspective from which, through you, Sir, I would assure Rangarajan Kumaramangalam that we should look at and it is from that angle that I would like to make a few points. I think the legal argument has been made which I wanted to make and it is very late and I don't want to take the time of the House. It has been done very well by Mr. Salve, that between the Ordinance and the Bill, the Power Minister for whatever reasons has had to go very far in those four or five weeks and he is no longer in that tradition of 18 years that he is talking about, from the days of Mr. Rajyadhyaksha through the common minimum programme to the Bill that I gave, because he has given up mandatory provisions. Then, he has to ask himself the question: Are we better off or are we worse off by creating this new bureaucratic set up that he will be creating, a fifth leg as it were, without the kind of guidelines which have been set for the power sector? That is the only question. And if he feels that these arguments are correct, then I would recommend that he should take it to the Standing Committee and let us support him to get back to the ordinance which he had put into effect only five weeks

ago. We should try and get back to that very thing which he had got promulgated through the President of India.

Now, it can be said, "No, this will not happen". I don't think, the Minister is being very fair to the process of the Standing Committee when he says that it is a waste of time, the 'hurry' business, it will delay matters, the 18 years and so on. If you look at the Transmission Bill of last year, Shri Jagmohan did a lot of work on it and the Bill turned out to be a better Bill because the Standing Committee worked on it. First, he asked for the State Governments to give their views and the Department of Power worked with him. That is the way things should be because this is a sector where every party in this House is saying, "We want to work with the same objectives that Rangarajan Kumaramangalam was talking about, which he had in his Ordinacne and which", as Salve Saheb says, "he has given up". He put it in a beautiful language saying, "Instead of making it mandatory, he has made it enabling"!

Sir, when you are talking about in administered pricing system, which the power sector will be, and you give up rules, then you will make things worse. I will come to that point a little later and explain it in some detail. But, getting back to the Transmission Bill, the fact is all the States were consulted; the fact is they made the issue how you are going to run the national transmission system. The Department, of Power then gave an explaination, "We are not intending to privatise the transmission and distribution of power." The present Power Minister is also fully supportive of that view. He has plans which were built up then for building up the public sector or that we are not planning to take away the role of the CEA in some of these functions which were talked about by Mr. Balanandan. I think the Bill provides for it. The Bill really provides for this regulatory body for tariff functions and at the State level, of course, there are other functions because you don't have this kind of planning functions. But,, on the tariff functions, you have given up the main rules which were there in the Ordinance. So, I would say that the process of consultation that Mr. Jagmohan initiated and then the Ministry followed through—I mean the number of consultations we had with the main States, with some of the knowlegeable people, like the Power Minister of Bengal—I think it meant a richer legislation. So, please in this kind of a thing, when particularly your experience has been extremely unfortunate when from the Ordinance to the Bill you have had to give away the teeth of the policy that we have been talking about—as he said for 18 years—let the Standing Committee get back to that. Don't give that up.

So far as the second issue in concerned, I would like to give him another example. Even the Minister, very correctly, talked about the fact yesterday. We are now transmitting 600 or 800 megawatts from the Eastern region to Southern region. It is a fact that sometimes we also transmit surplus power from the Northern region to the Southern region. In fact, on off-hours, even from the Western region surplus power is transmitted. I want to tell him that this did not happen overnight. It took a long time. It took months of persuasion. The Central Electricity Authority and the Power Grid had to sit down as the Electricity Boards did raise many obstacles. You know, there were people who were talking of this power going to six rupees a unit because what they do is that they work on a very low PLF. They would work out the cost that way so the overhead cost becomes very high. I remember the Andhra Chief Minister asking, "What is this Alagh Saheb? How can I take this power?" Then, I said, "No, they are making a mistake because if their PLF goes up, the unit cost will go down." It took weeks and weeks and months of persuasion to send the first 100 megawatts in Jan-end/February. But, once you did it—I remember on 14th of

February because that happens to be my birthday—it was election week—there was a major collapse in the Southern Grid, but because the CEA had gone through this process of consensus building, they were able to send hundreds of megawatts of power. Non of you even know that if they had not done their earlier homework there would have been a major collapse of electricity system in the Southern part of the country on that day. The hon. Ministers can check on these facts. So, on some of these issues, discussion can get a larger group together solving problems.

Now, Punjab has a problem. As an agricultural economist I would raise the problem with the Minister. I discussed it with the Chief Minister of Punjab—If they charge a higher rate of power, are you going to give them a higher price of wheat or rice? At present, it is not obvious. Sir, I told the Chief Minister of Punjab that the present Chairman of the Commission on Agricultural Costs and Prices happens to be my colleague because I was the Vice-Chancellor of the Jawaharlal Nehru University and I was also a former Chairman of the APC—we can sit down with him and work out such a modality that he is not hurt when he raises the price of power. Now, these are the kind of things that the Standing Committee can solve. They may be genuine problems which have to be resolved. As Mr. Salve and other hon. Members said, we must persuade people that you cannot destroy he power system. And the answer is not give up the big objective and to start quibbling about the smaller things. In terms of even game theory and strategy, Mr. Chairman, that is a wrong way of approaching consensus building. The objective should be, state your position, stick to it, duck then, because you know you are going to be hit...

प्रो. विजय कुमार मल्होत्रा (दिल्ली)**:** महोदय, कितनी देर तक डिसकशन होगा?

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): He is winding up. His time is over. Since he is a former Power Minister, I have allowed him. I think, he is finishing. *(Interruptions)*

PROF. VIJAY KUMAR MALHOTRA: There are other Power Ministers also. There is Mrs. Patel.*(Interruptions)*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mrs. Patel also wanted to speak but she has gone away. Mr. Alagh, please wind up now.

SHRI YOGINDER K. ALAGH: Some Members always have a problem when I speak. *(Interruptions)* I am happy to arrange a small meeting for them. *(Interruptions)*

प्रो. विजय कुमार मल्होत्रा: सब पार्टियों काअ टाइम है। हमारी पार्टी ने टाइम नहीं लिया है। ये किस पार्टि के बिहाफ पर इतना बोल रहे है.... (**व्यवधान**)

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The time is up.

PROF. VIJAY KUMAR MALHOTRA: He is speaking for hours together! *(Interruptions)*

SHRI PRANAB MUKHERJEE (West Bengal): We cannot sit up to 10 o'clock daily. There must be an end to this debate. *(Interruptions)* The Parliament must function is a proper way. Everybody and every party has an allotted time. There may be so many Experts. They would have some mercy on us. Every day we are sitting till late in the night. How long can it go? *(Interruptions)*

SHRI YOGINDER K. ALAGH: The Chair may please clarify whether I am within my time or not. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Please wind up if you have made your point. I think you are about to end. *(Interruptions)*

SHRI SANATAN BISI: How much time Mr. Alagh has taken to discuss this? *(Interruptions)*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I had already mentioned, it was three minutes allotted to him. But, he has taken seven minutes. *(Interruptions)* He is closing, Mr. Bisi. He knows. He has just elaborated a point. *(Interruptions)*

SHRI NILOTPAL BASU: If time is the problem, we can pass this Bill without a debate. *(Interruptions)*

श्री सनातन बिसि: कितना टाइम लिया है? बोलिए **....(व्यवधान)**

SHRI YOGINDER K. ALAGH: There are some Members in this House who are so intolerant. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI); It is not a question of intolerance. *(Interruptions)*

SHRI PRANAB MUKHERJEE: We are listening to him for a long time. There should be some end. Most respectfully I submit, Sir, that we have sat late. This is simply wrong. *(Interruptions)* We are doing our duty here every day. *(Interruptions)*

श्री सनातन बिसि: हम लोगों ने ज्यादा टाइम तो नहीं लिया है.... **(व्यवधान)**

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mr. Alagh, please wind up. *(Interruptions)*

श्री वसीम अहमद: यह गलत है **(व्यवधान)**

उपसभाध्यक्ष (श्री त्रिलोकीनाथ चतुर्वेदी): वसीम साहब आप तशरीफ रखिए **(व्यवधान)**

Mr. Alagh, you heard the sentiments of the House. Please wind up. *(Interruptions)*

SHRI YOGINDER K. ALAGH: I am speaking because I have been allowed by the Chair. Nobody has any business to tell me. *(Interruptions)*

The point is very simple. If you do not have guidelines in a controlled industry, you would create a situation which is worse than what you are trying to remedy. There is a Central Electricity Authority. There is a Department of Power. It is not correct to say that we do not have any transparent cost estimates. Planning Commission provides transparent cost estimates. There are a number of cost studies which are available. I can pass them on to the Minister if he docs not have. I am sure that his Ministry has them. That is not the issue. The issue is that the Bill was going to make things better by trying to enforce discipline. There are provisions in the Bill which I do not want to start quoting again because Mr. Salve has quoted them and without them the Bill, as compared to the Ordinance, in fact, makes things worse. It is that argument that I would bring to the attention of the hon. Power Minister. If he thinks that this argument is valied, then I would suggest that through a process of consultations, we should try to get back to the main provisions of the Ordinance which he has put to the country only four or five weeks ago. That was my main argument. Thank you, Sir.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mr. Minister *...(Interruptions)...* Before that, Mr. Dipankar Mukehrjee wants to say something *...(Interruptions)...*

SHRI DIPANKAR MUKHERJEE: Sir, I have moved the resolution. I still feel that the queries raised by me with regard to this Ordinance have not been replied to by the hon. Minister. I could have withdrawn my resolution if the hon. Minister had agreed for referring it to the Standing Committee. So, this has not been agreed although more or less there has been a consensus on this all through. If that is there then only can I withdraw it. Otherwise, I will...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI) I will ask about that. ...*(Interruptions)*... I

thought you may like to add something else at this stage. ...*(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: Sir, I have put only one question to the ruling party ...*(Interruptions)*... I am not talking of the whole power scenario ...*(Interruptions)*... Mr. Malhotra was not there ...*(Interruptions)*... He is here now. I am again telling the same thing which they used to tell from this side. ...*(Interruptions)*... I want the credibility of the BJP. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I myself was ...*(Interruptions)*...You made a moving reference to our erstwhile colleague Mr. Satish Agarwal. ... *(Interruptions)*...

SHRI DIPANKAR MUKHERJEE: Whatever I have said here, I had told the same thing to the Prime Minister. ...*(Interruptions)*... But, the same thing is happening.. ..*(Interruptions)*... First, an Ordinance is issued and then a Bill is rushed through. This is what is happening ...*(Interruptions)*... Whatever the intentions, this is true. I again ask for referring it to the Standing Committee. If this is done, then I can withdraw my resolution.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The Minister to the best of his ability and in his own light—I would put it like this—tried to explain it. That is a different matter. Mr. Minister, will you like to say something more at this stage? ... *(Interruptions)*...

SHRI R. KUMARAMANGALAM: I will finish within half a minute, possibly, within two mintues. I would just like to point out that I do not think it is necessary for me to repeat. But, I think what is necessary for the Members who have been pointing out that this Bill has no teeth is to look at clause 29 as a whole; look at 29(5), look at 29(4), look at 29(3) as it has come in, and look at 29(1).

Salveji pointed out 29(2), I think he should have read 29(1) also. The provisions in the Bill are such that they have teeth and exactly the same teeth which are there in the AP Bill, which are there in the Orissa Bill and which are there in the Haryana Bill. What we wanted was to give some additional cover and not teeth. We talked of the original 29(3), it was additional cover and it is to give an excuse for the Chief Minister that fifty per cent was also introduced for that purpose. I think the original Bill, as it was drafted, before it went to the CMNAPP is the best draft we could have had. That was the draft which was correct and after discussion we came to 29(3). We have gone back to the Original situation without 29(3). I think it is the best draft that is there. A lot of work has gone into it. The Standing Committees have looked into it. As I said earlier, even the Power Committee of the NDC has looked into it. The Chief Ministers have looked into it two conferences. I personally think that we spent a lot of time on this. With regard to handling of the power situation, I do believe that the Standing Committee's assistance and guidance is required. I do not believe any single individual should claim that he knows everything about the power sector. I do not. I think when it conies to tint we will look at it. I have come with this argument and I have given the rtniow *m* to why it is four months because three months's time would be taken to constitute it. If the Ordinance had not been there, the Bill would have been passed—the best we could have expected'—by the middle of July. Three months from the middle of July would have taken it straight to -the month of November before I could get the Regulatory mechanism functioning. Sir, I would only like to say that we kept Haryana and Orissa Ordinances out because it is a Concurrent v. subject. If you do not make a saving provision, if then the legislation that is passed by the State legislature, is not in conformity with the legislation passed by the Central legislature, there is a

situation that the Central legislation would naturally, under the Constitution, carry the day. Now, that being so, we would indirectly be stepping on the toes of the State which is coming forward with reforms. I do not see anything wrong if any State Government comes forward and comes out with its own legislation where it wants to improve—just like what Andhra Pradesh has done—and if it is in line with the policy, which is now a national policy, we would be most willing to give assent. We are not trying to curtail anybody but we are enabling, as I said. Sir, with these words I request my friend, after having said 17 years of background and everything, to withdraw his statutory resolution. And, Alagh Sabib, when I bring the transmission Bill, I will point out as to how there will be problems. The problems are not with regard to drafting the Bill but the same people who have agreed on the drafting, will come out with some other theory at that point of time. I will look into that at that time...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): That we can discuss when we come to that. First, let us cross this bridge. At the moment, I think, Mr. Dipankar Mukherjee, probably you are having a second thought. Are you withdrawing the resolution?

SHRI DIPANKAR MUKHERJEE: No. I stick to my demand. It should be refered to the Standing Committee.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I will now put Mr. Dipankar Mukherjee's resolution to vote.

The question is:

"That this House disapproves of the Electricity Regulatory Commissions Ordinance, 1998 (No. 14 of 1998) promulgated by the President on the 25th April, 1998."

The motion was negatived.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I shall now put the motion moved by Mr. Kumaramangalam to vote.

The question is:

"That the Bill to provide for the establishment of a Central Electricity Regulatory Commission and State Electricity Regulatory Commissions, rationalization of electricity tariff, transparent policies regarding subsidies, promotion of efficient and environmentally benign policies and for matters connected therewith or incidental thereto, as passed by Lok Sabha, be taken into consideration."

The motion was adopted.

SHRI E. BALANANDAN: Sir, in protest we are walking out.

[At this stage some hon. Members left the Chamber.]

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): I think, you are too late. Why do you not bear with us for a new more minutes?

We shall now take up clause-by-clause consideration of the Bill.

Clause 2 was added to the Bill.

Clause 3 (Establishement and incorporation of Central Commission)

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): Mr. Dipankar Mukherjee. He is absent. Miss Saroj Khaparde.

MISS SAROJ KHAPARDE (Maharashtra): Sir, I move:

That at page 3, *for* lines 4-5, the following be *substituted,* namely:—

"(3) The Head Office of the Central Commission shall be at Nagpur in the State of Maharashtra."

Sir, after going through the Bill, it appears that the Government is in a fix to locate the headquarters of the Central

Commission. Perhaps, there may be pulls from different constituents of the ruling coalition. Some are suggesting Hyderabad, Chennai, Bangalore and so, on. So, with your permission, in order *to* solve the dilemma of the Government, I would suggest that my home district, Nagpur, be the headquarters of the Commission and for this I assure you the whole-hearted support of entire Maharashtra. I hope that the hon. Minister will accept my amendment. Thank you.

The question was proposed.

SHRI R. KUMARAMANGALAM: The head office of the Central Regulatory Commission shall be at such place as the Central Government may by notification specify in the Official Gazette.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): So, there is still some hope...*(Interruptions)*...

SHRI R. KUMARAMANGALAM: Quite possibly, let us see. I shall bring it to the notice of the Government. I, therefore, request the hon. Member to withdraw her amendment.

MISS SAROJ KHAPARDE: Sir, I will be very happy in the event of the Government accepting my amendment, and what the hon. Minister has said on the floor of the House, I withdraw my amendment.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The assurance is that he will bring it to the notice of the Government. Has she the leave of the House to withdraw her amendment?

The. Amendment was, by leave withdrawn.

Clause 3 was added to the Bill

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): For Gausc 4 there is one amendment. Saroj Khaoardeji, will you like to move?

MISS SAROJ KHAPARDE: Sir, my leader and also the hon. Minister are requesting me not to move whatever amendments I have given notice of. Therefore, I will not move my amendments.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The question is:

That Clause 4 stand part of the Bill.

The motion was adopted.

Clause 4 was added to the Bill.

Clause 5 to 61 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI R. KUMARAMANGALAM: Sir, I move:

"That the Bill be passed".

The motion was adopted.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): \ think the hon. Minister must be thankful to all the hon. Members.

SHRI R. KUMARAMANGALAM: I am extremely obliged to all the hon. Members who waited so long and I can assure them that I will be at their service.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The Minister is saying this without any assurance of dinner or even snacks

SHRI R. KUMARAMANGALAM: Dinner has been arranged.

THE VICE-CHAIRMAN (SHRI TRILOKI NATH CHATURVEDI): The House stands adjourned till 11.00 a.m. on Friday, the 3rd July, 1998.

The House then adjourned at fifty one minutes past eight of the clock till eleven of the clock on Friday, the 3rd July, 1998.